

Message Text

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PAGE 01 CARACA 13265 192159Z

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ACTION ARA-10

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TO SECSTATE WASHDC 1309

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E.O. 11652: N/A

TAGS: ENRG VE

SUBJECT: PRESIDENT PEREZ SCORES VENEZUELA'S PROPENSITY TO SQUANDER

1. PRESIDENT CARLOS ANDRES PEREZ IN A CHRISTMAS MESSAGE TO THE VENEZUELAN ARMED FORCES ON DECEMBER 18 LASHED OUT AT THE PROPENSITY OF VENEZUELAN'S TO WASTE THE COUNTRY'S OIL WEALTH ON "ALL MANNER OF JUNK." HE MAINTAINED THAT UNLESS THIS SQUANDER MENTALITY CHANGES VENEZUELA'S NATIONALIZATION OF THE PETROLEUM INDUSTRY WILL BE A FAILURE. PEREZ ADDED THAT THE GOV COULD NOT HAVE DECIDED TO PROCEED WITH NATIONALIZATION "IF IT HAD NOT BEEN DISPOSED TO CARRY OUT A SERIES OF TRANSFORMATIONS AND REFORMS IN THE GOVERNMENTAL STRUCTURE AND IN THE BASIC ATTITUDES OF THE PEOPLE."

2. PEREZ WENT ON TO SAY THAT 1976 WILL BE A "VERY DIFFICULT YEAR" FOR VENEZUELA. HE INDICATED THIS WOULD BE SO BECAUSE NEXT YEEAR VENEZUELA WILL FACE ITS "GLOBAL RESPONSIBILITY, IN WHICH WE WILL HAVE TO MAKE THOSE DECISIONS WHICH OTHERS PREVIOUSLY MADE FOR US." ELABORATING FURTHER, THE PRESIDENT SAID VENEZUELA WILL HAVE TO PRODUCE OIL AS EFFICIENTLY AS THE OIL COMPANIES IN THE PAST AND MARKET IT, GUARANTEEING FAIR PRICES.

3. COMMENTING ON OIL PRODUCTION CUTBACKS WHICH THE GOV HAS BROUGHT ABOUT, PEREZ TOLD REPORTERS DECEMBER 18 THAT "IT IS NOT IN UNCLASSIFIED

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PAGE 02 CARACA 13265 192159Z

VENEZUELA'S INTEREST TO CONTINUE SELLING THE SAME VOLUME OF OIL

AS BEFORE," BUT NOTED THAT A SHARP REDUCTION IN PRODUCTION COULD
ENDANGER NATIONAL INCOME. HE ADDED THAT "THERE ARE DANGERS OF
A DIFFERENT KIND THAN LOW PRODUCTION THAT CONFRONT US." BUT
CONFIDENTLY PREDICTED THAT VENEZUELA WOULD OVERCOME ALL OF
THEM.

SHLAUDEMAM

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